

Message Text

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PAGE 01 LIMA 07008 221853Z

42

ACTION ARA-20

INFO OCT-01 EA-11 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11

L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 EB-11 FEAE-00 INT-08 FPC-01 COME-00 OMB-01

TRSE-00 AID-20 IGA-02 CIEP-03 DRC-01 ARAE-00 /154 W

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P R 221825Z AUG 74

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 1570

INFO AMEMBASSY TOKYO

LIMITED OFFICIAL USE LIMA 7008

E.O. 11652: N/A

TAGS: ENRG, PE, JA

SUBJECT: PRESS REPORTS THAT JAPAN AND PERU AGREE TO TRANS-
ANDEAN PIPELINE LOAN

REFS: LIMA 6957, 6865

1. BEGIN UNCLASSIFIED - LIMA PRESS AUG 22 CARRIED AFP AND ANSA STORIES FROM TOKYO NOTING THAT THE JAPANESE PETROLEUM DEVELOPMENT CORPORATION HAS AGREED TO LOAN PERU \$330 MILLION FOR PETROLEUM PROJECTS AND THAT THE FINAL SIGNING CEREMONY WILL TAKE PLACE AUG 28 IN TOKYO IN PRESENCE OF PERUVIAN FORMIN DE LA FLOR AND MINES MIN FERNANDEZ MALDONADO. ANSA STORY STATES THAT LOAN WILL BE REPAID PARTIALLY IN CASH OVER TEN YEARS BEGINNING IN 1978 AT AN INTEREST RATE VARYING BETWEEN SIX PERCENT AND 6.5 PERCENT AND THE REMAINDER IN CRUDE AND REFINED OIL PRODUCTS. PRESS ALSO SAID THAT PETROEPRU ANNOUNCED THAT THE 36 INCH PIPE FOR CONTRUCTION OF THE PIPELINE WILL ARRIVE AT THE PERUVIAN PORT OF PAITA THE SAME DAY, AUGUST 28. END UNCLASSIFIED.

2. BEGIN LIMITED OFFICIAL USE - COMMENT: IT APPEARS THAT A LIMITED OFFICIAL USE

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PAGE 02 LIMA 07008 221853Z

COMPROMISE HAS BEEN REACHED ON THE REMAINING HURDLE BETWEEN

JAPAN AND PERU MENTIONED LIMA 6865, AND IT CLEAR THAT PERU WILL NOW BE RECEIVING JAPANESE FINANCING FOR SUBSTANTIAL PART OF PIPELINE CONSTRUCTION. COMING ON THE HEELS OF THE SUCCESSFUL COMPLETION OF THE FINAL CUAJONE SALES CONTRACTS (SEE LIMA 6957) THIS AGREEMENT WILL BE WELCOME NEWS TO THOSE WITHIN THE GOP WHO PLACE EMPHASIS ON THE TIMELY EXPLOITATION OF PERUVIAN POTENTIAL OIL AND MINERAL RESERVES. BOTH EVENTS ALSO SHOW CLEARLY THAT NOTWITHSTANDING GOP'S NATIONALIST AND "REVOLUTIONARY" RHETORIC, WHEN IMPORTANT FOREIGN CREDITS ARE INVOLVED PERU IS WILLING TO ACCEPT DEPENDENCE ON FOREIGN ASSISTANCE. IT ALSO SHOULD SUBSTANTIALLY INCREASE JAPANESE PRESENCE IN PERU, SINCE JAPANESE WILL NOW BE INTIMATELY INVOLVED WITH BOTH THE PIPELINE AND THE CUAJONE PROJECT THROUGH COPPER PURCHASES AND THEIR CONSTRUCTION OF THE ILO REFINERY, I.E., THE TWO KEY PROJECTS UPON WHICH THE GOP IS DEPENDING TO FINANCE ITS LONG-RANGE DEVELOPMENT PROGRAM.
DEAN

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